



Yoram Milo
Executive Vice President
Chief Legal Officer

October 14, 2003

VIA FAX (Original by Mail)

James T. Odiome
Deputy Insurance Commissioner
Office of the Insurance Commissioner
5000 Capitol Boulevard
Tumwater, Washington 98501

Re: Premera's Proposed Reorganization
Transaction Structure Recommendations in Draft Consultant Reports

Dear Deputy Insurance Commissioner Odiome:

I appreciate your desire to complete the discussion of transaction terms by October 27, 2003, and Premera will work diligently to meet the schedule you proposed today.

We will endeavor to provide you with the transaction term list you requested by October 17. As previously discussed, there is a Premera Board meeting scheduled for October 17 to discuss stock programs, and we will be sending you materials on stock programs (if approved by the Board) that day. As a result, it may be difficult for us to meet the October 17 target. If we cannot complete the list by then, we would offer to get the document not only to you but also directly to the consultants you designate by noon on October 20, 2003.

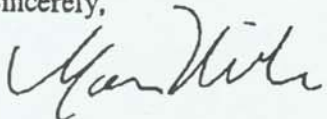
We believe that participation by Patrick Cantilo from Cantilo & Bennett, and either Martin Alderson Smith or Jon Koplovitz from The Blackstone Group, would greatly facilitate the discussions. I hope you will accede to our request to have them (as well as any other OIC staff or consultants you deem appropriate) participate in person at the meetings on October 21-23.

On our end, we are coordinating to free up the designated dates for the meetings. Because of scheduling issues, it would be helpful if the meetings could be held in Seattle. I appreciate in advance your consideration of that request. We can arrange space at the Preston Gates office if that is agreeable to you.

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I don't desire to debate the points raised or conclusions reached in your response to my October 13 letter. We believe the process and schedule we proposed is workable, consistent with the rights of the public and all parties, and could be coordinated in a manner that addresses each of the concerns that you raised. Nonetheless, we will endeavor to meet your timeframe.

Sincerely,



Yori Milo

cc: Mike Watson, Chief Deputy Insurance Commissioner
John F. Hamje, AIRC, Legal Affairs Division, Office of Insurance Commissioner